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SUBJECT: NORTHERN NOTES DECEMBER 2007

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Following is a summary of recent political and economic developments in northern Greece:

TURKISH FOREIGN MINISTER VISIT TO THRACE

¶1. Turkish Foreign Minister Ali Babacan visited Komotini in Thrace on December 6, following a two-day official visit to Athens (Reftel.) The government of Greece tried to downplay the visit and present it as private, but local media reported extensively and negatively on Babacan's activities in Thrace, suggesting that the GoG was uncomfortable because Babacan raised a variety of issues relating to the minority and to the alleged oppression of religious freedom in the area. Local press and Thrace's conservative daily Chronos noted that Babacan was escorted by members of the Turkish MFA, Turkish journalists and members of a business delegation and described his statements and general stance as "provocative" and "aggressive." Reportedly, Babacan addressed the Muslim minority using the phrase "my brother Turks" and he asked them to defend their Turkish origin and if necessary turn to the European Courts when their rights were being violated. Babacan reportedly only met with the elected Muftis rather than the legal, appointed (by the Greek government) Muftis, and he referred to "Turkish minority problems that should be resolved in the framework of the Greek-Turkish friendship."

¶2. Not all Muslims in Thrace embraced Babacan's remarks, however. Tahir Konte, head of the Pomaks of Xanthi, objected to Babacan's reference to the minority as "Turkish." In a prepared statement, Konte noted that many Muslims living in Thrace are Pomaks and Roma and not Turkish, especially in the prefecture of Xanthi where, he stated, there are more Pomaks than Turkish-origin Muslims.

DRAFT LAW ON THE WAKFS TABLED IN THE GREEK PARLIAMENT

¶3. In early December, the Greek government introduced in Parliament a draft law relating to the Muslim minority and specifically Wafks (Muslim charitable foundations). The draft law provides for major changes in the administration of the Greek Muslim minority wafks in Thrace and also for the abolition of the wafks' debts, a provision previously approved by the Greek Parliament in March 2007. The most important change proposed in the draft law is that the committees that manage the wafks, previously appointed by the Greek government, would be replaced by elected committees, starting in November 2008. These elected committees would continue to report to the GoG-appointed local Mufti. The draft law also includes a provision for a five percent quota for Muslim job candidates who want to join the public sector.

14. Thrace's main conservative press strongly criticized the five percent quota system for Muslims and noted that 100 Christians from Thrace have signed a petition to protest the government's draft law on the wakfs. The petitioners claim the draft law violates the principle of reciprocity between Greece and Turkey. They also call upon the government to upgrade the role of the legal, appointed by the government, Mufti. And neither are Muslim groups in Thrace entirely satisfied with the provisions of the draft law. A variety of Muslim leaders have objected to certain provisions of the bill that they suggest are not in accordance with Islamic law. They also suggest that the bill fails to address important issues regarding roles and responsibilities on several issues relating to the wakfs and they generally object to the fact that the minority community was not consulted in the development of the draft law.

GREECE INVESTS 2.2 BILLION IN BULGARIA, 4.5 BILLION IN TURKEY

15. According to data presented on December 5 to the local press and announced at the first Greece - Turkey - Bulgaria Business Forum in Komotini, Thrace, twelve percent of Bulgarians workers are employed in one of the 1,500 Greek-owned businesses in the neighboring country. Greek businesses in Bulgaria invest a total of 2.2 million in the country, primarily in industry (900 businesses) and real estate (600 businesses.) Greek business investment in Turkey is even higher at 4.5 million, despite the fact that because of Greek law and bureaucracy in both countries, there are only 75 Greek-owned businesses operating in Turkey.

GREEK GOVERNMENT WAS A IMPEDIMENT TO GREEK-TURKISH BUSINESS

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16. Rahmi Kog, a Turkish business mogul and one of the founders of the Southeastern European Cooperative Initiative (SECI) program, gave an interview on December 12 in which he blames the lack of progress in Greek-Turkish business relations before the late 90s on the fact that Greek businessmen do not do business without their government's permission. Kog said that the Greek and Turkish economies complement each other and there is significant room for cooperation but, he said, Greeks have often been reluctant to participate in initiatives. But Kog said that he has seen a transformation in attitudes since the years when George Papandreou and Ismail Cem were Ministers of Foreign Affairs in the two countries and that the situation is now much improved.

UNEMPLOYMENT SOARS IN BORDER PREFECTURE

17. According to the state employment office (OAED) in Drama, unemployment in the prefecture bordering Bulgaria has increased nearly 50 percent in the past several years. Recently, the prefecture hosted a conference of the Prefectures Union of Greece to discuss a proposal for the merger of several prefectures into larger ones. The hosting prefecture sought to highlight the problems of their region and especially the high unemployment that has resulted from the relocation of several clothing manufacturing operations from Drama to Bulgaria and the closing of an Athens paper industry (SOFTEX S.A.). 6,000 people in Drama have lost their jobs in the last decade.

ILLEGAL IMMIGRANTS

18. Problems with illegal immigration into northern Greece continued in December. On December 1, police in Kilkis arrested four illegal immigrants and a 44-year-old female trafficker who

transported them with her vehicle after they entered Greece by an unguarded point of the border with Macedonia. The five suspects have been led before the Kilkis public prosecutor.

NARCOTICS

19. On December 3, Thessaloniki police arrested two people aged 51 and 32 for drug-related offences in Evosmos municipality, west Thessaloniki, after a car chase. In their effort to avoid being captured, the two suspects threw a 68.8-gram heroin package out of their car window, while a search of their apartments revealed a number of narcotic pills.

--In a separate incident (same date), in Kalamaria municipality, east Thessaloniki, a 35-year-old was arrested after police found in his possession 96 narcotic pills and small quantities of heroin and cannabis.

--On December 16 two individuals were arrested by Serres security police on charges of drug smuggling after quantities of heroin and cocaine were found hidden in their vehicle. A search by the police revealed 29.5 grams of heroin and 15.7 grams of cocaine.

--On December 17 Police in Veria arrested a 48-year-old drug smuggler for possession of more than 1.5 kilos of heroin. A search of the suspect's house later turned up 59 grams of cocaine and a variety of narcotic substances.

--On December 27 Thessaloniki Police arrested the drug dealer who shot a policeman last October. The dealer was carrying 522 grams of cocaine when he shot and injured a policeman. After his arrest, police found a gun and bullets in his house, as well as 42.5 grams of heroin and 70.6 grams of cocaine. In a separate incident, police also arrested an Albanian bus driver who was carrying 8,674 grams of heroin.

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